

SCHOOL REPORTING CONTACT NEWSLETTER

Winter 2007

Another Holiday Season has come to an end, and we hope each of you had an enjoyable one. The New Year has arrived, and we would like to share some information and suggestions for making 2007 a successful and efficient reporting year.

Enclosed are Recap Reports as well as Wage and Contribution Reports for disk and paper reporters. Please discard the old forms and begin using the new forms with your next report. If you are an on-line reporter and send in a Recap Report each month, please be sure to use the newest version of the form. This can be found in the back of your Manual for Employer Contacts or downloaded from our website. Also enclosed is a listing of those members reported by your school and the demographic information for each that we have on PIONEER. **On-line and disk reporters:** please review the addresses for accuracy and make any necessary corrections. Remember, in order for address changes to update on the system, the "Date of Address Change" field must be completed with a date that is within the current reporting period. *If you use the copy forward method of reporting, or for another option after your file has been uploaded, you can Edit the report, change the address on the individual's record, and choose Save at the bottom of the screen.* **Paper reporters:** please review for accuracy the demographics for each member on their printed Wage and Contribution Report. If there are changes to be made, please mark them in the "Changes/Corrections to Demographic Information" column on the right side of the form. Members without address information will not receive important mailings from our office until we have an updated address on file.

CONTACT INFORMATION FOR ONLINE ACCOUNTS

Please be sure to review the contact information for your school's online account. This information can be reviewed by logging onto the website and choosing the link "Change Web Profile." It is very important that the contact name and e-mail address are current in order to receive important e-mails and notifications regarding your reporting. The person who is listed as the online contact must also be listed on the Employer Contact form on file with our office. This form can be found in the back of your Manual for Employer Contacts or downloaded from our website, **www.npers.ne.gov**. If you are not sure of who is listed on your current Employer Contact form, call our office and we will give you that information.

NEW EMPLOYER REPORTING CONTACTS

When there is a change in the Employer Contact with your school, please be sure to contact our office and talk to Linda or Sheryl. We are here to provide support and guidance in the reporting process, and feel it is important to work closely with new Employer Contacts to answer any questions and help in your transition.

CONFIRMING YOUR REPORT

When confirming your report online, you must be sure to **complete** the confirmation process. When you choose the option "confirm," you will be taken to a screen that is titled "Confirm Report Totals." Some schools have seen the word Confirm and stopped at this point. However, the confirmation process is not complete, and the report is not considered received, until you have clicked on the button **"CONFIRM This Report"** at the bottom of the page. You will know that you completed the process when you get to a screen titled "Report Confirmed." Please see your Employer Reporting Manual pages 3-44 through 3-47 for specific screen shots.

ADJUSTMENTS

Please remember that **all** adjustments made on reports, including online reports, require written documentation. The School Adjustment Report Form can be found in your Employer Reporting Manual or downloaded from our website, **www.npers.ne.gov**.

7% EXEMPTION REPORTING

Most of you completed the new 7% Exemption Reporting since our last newsletter. As with any new procedure, there are always questions that need answered and clarification required for improving the process. Here are a few points to keep in mind as we look back on the recently completed exemption reporting and prepare for the next:

- **If there is no exemption reported** for an employee whose wages increased more than 7%, then wages will be capped when calculating a retirement benefit.
- Many of you requested clarification on when to use each exemption:
 - Exemption **A** - this exemption code would be used if there was a substantial increase in wages due to duties performed, a substantial increase in number of days worked from one fiscal year to the next, or a position change.
 - Exemption **B** – this exemption code would be used if there was a substantial increase in wages due to a collective-bargaining agreement. This code would also be used if all employees within a category of employee received the same increase. (Category of employee is defined as: all certified employees and administration, or all non-certified employees.) *****Some schools received information that movement on the salary schedule, due to years of service and additional education, was not a valid exemption. However, we have received a new determination on the interpretation of Exemption B. Movement on the salary schedule, as stated in the collective bargaining agreement, would be reported as Exemption B.*****
 - Exemption **C** – this exemption would be used if there was a substantial increase in wages due to a district wide permanent benefit change for a category of employee.
 - Exemption **Z** – this exemption code would be used if there is no valid exemption to report.
- We have developed a new form for you to report an exemption code before the yearly September 28th reporting due date. These forms will be used for individual employees whose wages increased more than 7% and are in the process of applying for retirement benefits. This will make it possible for our Benefits Department to process retirements without having to wait for the September 28 due date. Please see the detailed instructions included in the New and Revised Forms section later in this newsletter.
It is our intention that any employee for whom you have completed the 7% Exemption Form will not appear on the list you receive from us at the end of the fiscal year. This issue is still “under construction” with our IT Department.
- **Some schools have asked about the possibility of doing adjustments or not reporting compensation over the 7% limit when there is no exemption to report.** If the wages are truly reportable according to the definition of compensation for retirement purposes, then the point to keep in mind is that the wages will not actually be capped unless the person is within five years of retirement. Nebraska State Statute reads:

*§79-902 (35)(e)(i) In the determination of compensation for members on or after July 1, 2005, that part of a member's compensation for the plan year which exceeds the member's compensation with the same employer for the preceding plan year by more than seven percent of the compensation base **during the sixty months preceding the member's retirement shall be excluded** unless (A) the member experienced a substantial change in employment position, (B) as verified by the school board, the excess compensation above seven percent occurred as the result of a collective-bargaining agreement between the employer and a recognized collective-bargaining unit or category of school employee, and the percentage increase in compensation above seven percent shall not be excluded for employees outside of a collective-bargaining unit or within the same category of school employee, or (C) the excess compensation occurred as the result of a districtwide permanent benefit change made by the employer for a category of school employee in accordance with subdivision (35) (a) (iv) of this section.*

Adjustments or exclusion of non-exempt compensation above 7% can only be done within five years of retirement. If adjustments are done to remove that compensation or the compensation above 7% is excluded from reporting, and the person does not retire within the next five years, you will have under reported compensation. This will be considered an audit point requiring make up contributions.

****All adjustments received or exclusion of non-exempt compensation over 7% will be required to include a “letter of intent to retire” signed by the employee.****

NEW AND REVISED FORMS

For your convenience, a copy of each form is included in this mailing.

New 7% Exemption Form NPERS 3805 Rev/ 12/06

As you are aware, NEB. REV. STAT. §79-906(2) (Supp. 2005) requires you to report to NPERS the employees whose compensation has exceeded the previous years compensation by more than 7% and whether one of the statutory exemptions applies. However, this report is not due until September 28th of each calendar year and thus will not provide NPERS with timely 7% exemption information for those members terminating employment at the conclusion of the current school year. A majority of the current year retiree calculations are computed during the summer months prior to the due date of the annual 7% exemption report.

Therefore, in order to secure this information in a timely manner it was necessary to develop the enclosed 7% Exemption Form. This form captures the same information as is required in the annual filing but will provide a way to get this information to the NPERS Benefit Department in time for the benefit calculations performed during the summer. This new 7% Exemption Form is designed to be completed (if applicable) at the same time as the Non Contributing Member form.

(1) This form is only necessary if a member is retiring and his/her reported salary for the current plan year exceeds the reported salary for the previous plan year by 7% or more. If a retiring member's salary for the current plan year does not exceed the reported salary for the previous plan year by more than 7%, you do not need to complete this form.

(2) If a retiring member's salary for the current plan year does exceed the previous plan year's salary by more than 7% and the member is subject to an allowable exemption, the new 7% Exemption Form must be completed and submitted along with the Non Contributing Member form so that the member's current year salary will not be capped when calculating his/her retirement benefit.

(3) If a retiring member's salary for the current plan year does exceed the previous plan year's salary by more than 7% and the member was not subject to an allowable exemption, you must complete the 7% Exemption Form by checking the box 'Z – No Exemption Applies'.

As has been our practice, when a member requests an Application for Retirement, we will also provide to the member an 'Employer Packet' which will include the required Non Contributing Member form, the new 7% Exemption Form and, if necessary, a School Verification of Salary form. The member is expected to forward this 'Employer Packet' to the Authorized Reporting Agent for completion.

We thank you for your patience and understanding as we work our way through the various details of the 7% exemption reporting process. Our goal is to process the retirement benefits as quickly and efficiently as possible. In order to do this, it will be important to have the appropriate employer documents on file, including the new 7% Exemption Form, when our Benefits Department is ready to compute the retiree benefits.

A reported exemption does not preclude NPERS from requesting further documentation to substantiate the increase in a member's compensation.

Revised Non-Contributing School Member Form – NPERS2400 Rev. 12/06

Form NPERS2400 – Non Contributing School Member Form has been revised effective December 2006. Please throw any old copies of the Non Contributing School Member Form you may have on hand. Also, please remove the old copies from the Forms section of your Employer Reporting Manual and note that page 7-3 of your Employers Manual should refer to the new form.

Please Note: Line 4 of the revised Non-Contributing School Member Form asks if the member received a greater than 7% increase in compensation over the previous plan year. If the answer is "yes", the 7% Exemption Form must be completed only if the member is retiring. If the member is not retiring, you do not need to complete the 7% Exemption Form because the reason for the increase will be captured when you complete the annual exemption report due September 28th of each calendar year.

ELIGIBILITY

If an employee is working at more than one school, their hours at both should be combined to determine eligibility. For example, if you have a permanent part-time employee who works 10 hours per week at your school and 10 hours per week at another school, this is a combined total of 20 hours per week and both schools must withhold retirement.

JURY DUTY

Jury duty pay is listed in your Manual for Employer Contacts, on page 3-7, as compensation not reportable for retirement purposes. However, this issue does need some clarification. If you provide leave with pay for an employee who is serving jury duty, you would report and withhold retirement on their regular wages. (Any pay the employee receives above and beyond their regular wages would not be reportable for retirement purposes.)

MISCELLANEOUS

- **Contract Payouts/Lump Sums** – Please keep us informed of the breakdown of lump sum payouts for departing employees. NOTE: Retiree benefits will not be paid any sooner because the final pay is lump sum.
- **Forms** – Most forms can be downloaded from our web site at **www.npers.ne.gov**.
- **Sick and Vacation Hours** - Used leave hours are to be reported with the salary. (*See page 4-1 of the *Manual for School Employer Contacts*) Unused sick and vacation pay should not be reported as retirement compensation. However, if the unused portion of vacation is used as an employee's "notice period" when leaving your employment, then you would report it as retirement compensation and the employee's termination date would be the last date of the vacation leave. Please keep in mind that in the case of processing retirement benefits, this could affect the employee's retirement effective date.
- **Internet** – When accessing the NPERS website be sure to use **Internet Explorer**. Other web browsers do not always work well with our site.
- **Addresses** – Please report updated member addresses as you receive them. Be sure to handle **new employees** as if they have had an address change.
- **Gender and Date of Birth** – Due to some incorrect data in the gender and date of birth fields, we are asking schools to review this information for all employees on their systems and make any necessary corrections. We hope to eventually have this information included on the list of addresses to be reviewed; however, it was not possible this time. It is very important that all demographic information is reported correctly for your employees.

Contact US

1-800-245-5712

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